



BANK OF MAURITIUS

Guideline on Control of Advertisement

**November 2008
(Revised April 2010)
(Revised November 2011)
(Revised March 2014)**

TABLE OF CONTENTS

INTRODUCTION	3
Purpose	3
Authority	3
Scope of application	3
Effective Date	3
 STATUTORY REQUIREMENTS	 3
 BROAD PRINCIPLES.....	 4

INTRODUCTION

This guideline takes into account the provisions of the Banking Act 2004 on control of advertisement.

Purpose

The Bank of Mauritius (hereinafter referred to as the "Bank") enunciates through this guideline the requirements of financial institutions specified in the paragraph on scope of application below regarding advertisement.

Authority

This guideline is issued in terms of section 61 (Control of Advertisement), section 100 of the Banking Act 2004, and section 50 of the Bank of Mauritius Act 2004.

Scope of application

This guideline applies to all banks and non-bank deposit taking institutions licensed under the Banking Act 2004 (referred to as 'financial institutions' for the purpose of this guideline).

Effective Date

This guideline takes effect as from 1 December 2008.

STATUTORY REQUIREMENTS

1. In terms of section 61 of the Banking Act 2004, a financial institution is required to submit any advertisement, i.e. any material, written, published, broadcast or otherwise, containing an invitation to make a **deposit** or obtain other financial services or information such as might lead directly or indirectly to the making of a **deposit**, to the Bank **not less than 7 days** before the intended date of publication or other dissemination.
2. In instances where the Bank is of the opinion that an advertisement is misleading, the Bank may, in terms of section 61(3) of the Act, direct a financial institution or any other person responsible for the dissemination of the advertisement to withdraw or modify the advertisement as directed by the Bank.
3. Financial institutions have, until recently, been seeking the approval of the Bank in respect of advertisements about their products, other than deposits, as well.
4. In accordance with the provisions of the Banking Act 2004, financial institutions are henceforth required to submit to the Bank only advertisements relating directly or indirectly to **deposits** and may publish or disseminate those advertisements if they have not, prior to the intended date of publication or dissemination, been directed by the Bank to withdraw or modify them.

BROAD PRINCIPLES

5. The principles below apply to advertisements generally, irrespective of whether the advertisements relate directly or indirectly to deposits. **

6. Financial institutions shall ensure that any advertisement published or disseminated by a financial institution is couched in such a manner so as not to mislead and also stand the test of being fair, objective and conforming to the highest ethical standards. The advertisement shall clearly specify whether it is being issued by a bank or a non-bank deposit taking institution.

7. Financial institutions shall comply with the following broad principles, which are not exhaustive, while framing an advertisement.

- (i) The advertisement shall not make any comparison with other institutions without being clear about the basis of the comparison. For example, an advertisement claiming to pay highest interest rate on deposits among the top four/five financial institutions in the country would be misleading due to lack of clarity on the financial institutions being referred to. Such a comparison may be made if the names of the financial institutions are specified and the basis of the comparison disclosed.
- (ii) A financial institution shall not, directly or indirectly, lend its name to any advertisement issued by its subsidiary or associate. An advertisement by a subsidiary, however, may refer to the parent organization only to support its credibility and not to advertise products offered by the parent organization.
- (iii) Financial institutions often issue generic advertisements without being product-specific. Through such advertisements, financial institutions sometimes outline the bouquet of services they can offer. Such advertisements will be construed as indirect invitations to make a deposit. Financial institutions would therefore be required to submit same to the Bank at least 7 days prior to the intended date of publication or other dissemination.
- (iv) An advertisement issued by a financial institution in pursuit of its activities as an agent for the sale of insurance products of an insurance company or collective investment schemes or such other product as may be approved by the Bank, shall invariably contain a clarification to the effect that the activity being marketed is not regulated by the Bank and that ultimate responsibility for the product vests with the company offering the product.
- (v) An advertisement shall not claim a superlative position for a product in its category. Claiming a particular scheme to be the best, most flexible, highest- paying, easiest to operate may be misleading unless the intention is to actually claim it to be so. Such claims can be made only if the source, which shall be a third party, is also disclosed.
- (vi) Where the return indicated in the advertisement or any special advantage it claims to provide to the customer, is subject to certain terms and conditions being fulfilled, the disclaimer 'terms and conditions apply' shall invariably be included in the advertisement.

- (vii) Where the advertisement and public notice refer to specific interest rates, information regarding the Annual Effective Rate (AER) or the Annual Percentage Rate (APR) equivalent should also be disclosed.
- (viii) In calculating the AER (applicable on deposit accounts) or APR (applicable to loans/credit products), the interest paid on the deposit account or yield on the loan/credit products shall be computed after taking into account, the rate of interest applicable and the period of the deposit or loan.
- (ix) In case a group is carrying out an advertisement where it invites directly or indirectly deposits for the financial institution falling under the purview of the Bank, the financial institution in such a group should abide by section 61 of the Banking Act 2004 prior to the release of the advertisement by submitting to the Bank a copy of such advertisement at least 7 days before the intended date of publication or other dissemination. The financial institution should ensure that such advertisement should also specify the activities that fall under the regulatory purview of the Bank. *
- (x) In case of any advertisement dealing with products other than conventional deposits irrespective of whether it is being issued by a financial institution or by the group of which the financial institution is a member/subsidiary, the financial institution should include or make arrangements for its group to include a clause in the advertisement stating that 'the public is encouraged to seek professional advice prior to investing in the products proposed in the advertisement'. This will apply to the financial institution's own product or product it is selling as an agent. *
- (xi) Clarifications and clauses of the type specified in paragraphs (iv) and (x) above, or disclaimers appearing on the advertisement should be displayed in prominent characters on the advertisement, preferably in one line, in a position that same will not escape public attention. **
- (xii) Financial institutions which offer their card holders negotiated discounts from specific merchants or service providers, should ensure, while entering into contract or making arrangements with those merchants or service providers, that the goods and services are provided to those card holders as advertised. Customers should be informed of any specific terms and conditions which may apply thereon at the very time the promotional products are being offered to them. **
- (xiii) In the case of financial structured products where the general public is not targeted, the advertisement should not be made in the press or through billboards and should specify the specific niche market or population targeted, whether corporate customers or others. **
- (xiv) Where an advertisement invites deposits in foreign currency, such advertisement should not be made through billboards. ***

** April 2010*

- *Paragraphs (ix) and (x) have been added*

*** November 2011*

- *Paragraphs (xi) to (xiii) have been added;*

- *New paragraph 5 has been added and existing paragraphs 5 and 6 have been renumbered paragraphs 6 and 7 respectively.*

***March 2014

- *New paragraph (xiv) has been added*

Bank of Mauritius